



## LOANS TO PARTICIPATE IN THE ACTIVITIES OF 4-H CLUBS AND SIMILAR ORGANIZATIONS

### I. GENERAL:

A. Loans not exceeding seventy-five dollars (\$75) may be made jointly to clients and their minor children for the benefit of the latter to finance participation in the activities of 4-H Clubs or similar organizations. It will be expected that the majority of these loans will be for less than fifty dollars (\$50). These loans will be referred to as club loans.

B. Club loans will be used, ordinarily, to purchase a calf, a pig, chickens or other livestock but they may likewise be used to purchase seed, plants, fertilizer, and so forth where these are to be used in connection with types of projects approved by the county extension agent.

C. Loans for participation in 4-H Club activities will be submitted with the concurrence of the county extension agent and only when the county RR supervisor and the county extension agent are satisfied that the boy or girl can use the loan properly and profitably.

D. In case of loans for members of organizations other than 4-H Clubs, the recommendation and concurrence of the local supervisors of the organization will be obtained in a similar manner.

E. Wherever possible, club loans should be made as a part of original or supplemental standard RR loans so as to avoid the preparation of separate loan dockets for these small loans, but they may be made as separate loans in which case they will be considered supplements to standard loans.

F. For every club loan it is essential that a separate note be prepared and signed by both the client and club member and that a separate check be issued in favor of the client and club member. The purpose is to create a sense of responsibility in the club member and to develop his initiative and self-reliance. Club members should be made to feel that these loans are their own separate obligations and that they are fully responsible for repaying them.

G. The routine for making club loans will be generally the same as for standard loans and the same forms with minor changes, if necessary, will be used.

### II. CLUB LOANS WHICH ARE A PART OF STANDARD LOANS:

A. If the club loan is a part of an original or supplemental standard RR loan a separate Farm Plan will not be necessary, but the client's Farm Plan will indicate how the club loan will be used and repaid.

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DISTRIBUTION: A, F, J, JJ and M

Rehabilitation  
Standard Methods  
Standard Loans



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II. (cont.)

B. No separate Loan Agreement will be necessary, but there must be a separate note for the club loan. The club loan will be listed on the Loan Agreement as a separate advance. The Loan Agreement will show only the client as the borrower, but the separate note for the club loan will show both the client and the club member as the obligors.

C. It will be necessary to prepare a separate voucher in the amount of the club loan in order to have this advance paid by separate check in favor of the client and the club member.

D. A separate mortgage for the club loan will not be necessary. If the entire indebtedness is adequately secured without taking a lien on the livestock purchased with a club loan, it is suggested that these chattels be omitted from the lien of the mortgage. If the security is inadequate, however, such livestock should be listed in the mortgage and the mortgage should be signed by the club member, as well as by the client.

III. CLUB LOANS MADE SEPARATELY:

A. When a club loan is made separately from an original or supplemental standard RR loan, the Loan Agreement will be signed by the client and club member and will be supported by a Farm or Home Plan, as the case may be, showing how the loan funds will be used and repaid.

B. It will, of course, be necessary to secure a separate club loan by a mortgage, signed by the client and club member, on the chattels purchased with the proceeds of the loan.

IV. IDENTIFICATION OF CLUB LOANS: In all cases the club loans will be identified in accounts on vouchers and check sheets by separate suffixes. They will appear as separate items on bills so that club members may readily ascertain the status of the parts of loans for which they are responsible. On Form FSA-Gen 131, "Case Record Card" such loans should be identified by a white signal marked "E". This signal will be placed in the "F" position and moved to the county number position when the club loan has been repaid. By marking the suffix number assigned to the loan on the upper end of the white signal, the status of the club loan can be easily determined by reference to the bill.



